

COAST GUARD'S INVOLVEMENT IN BROADWATER LNG PROPOSAL

The Coast Guard in New Haven, CT was notified in November of 2004 that Shell Oil and TransCanada Corporation are applying for a permit to construct an offshore liquefied natural gas (LNG) facility, named Broadwater Energy, in the New York State waters of Long Island Sound. Before construction of the facility can commence, the proposed Broadwater Energy LNG facility must receive regulatory approval to proceed from several Federal and State agencies. The Federal Energy Regulatory Commission (FERC) is the lead federal agency responsible for licensing LNG facilities located on shore and within state waters. The Coast Guard is a cooperating agency and will be providing input to FERC throughout the licensing process.

The Coast Guard is responsible for addressing issues related to navigation safety and port security associated with LNG facilities. The Coast Guard will provide FERC a recommendation based on an assessment of potential safety and security risks associated with the proposed facility to the maritime transportation system and communities on Long Island Sound. The Coast Guard's assessment of the potential safety and security risks associated with the proposed facility will involve input from the Long Island Sound community.

A Ports and Waterways Safety Assessment (PAWSA) will be conducted by the Coast Guard in May of 2005. This assessment will include representatives from environmental groups, recreational boaters, commercial fishermen, commercial vessel operators, and pilots. The assessment process used for a PAWSA is a disciplined approach to examine and identify major waterway safety hazards, estimate risk levels, and to identify and evaluate potential mitigation measures. The ultimate goal of a PAWSA for any proposed waterways project is to ensure the participation of waterway users with knowledge of navigation, local waterway conditions, and port safety, and to provide the local waterway community with an effective tool to evaluate risk and to identify tailored to local circumstances.

The security review will be held under the auspices of the Area Maritime Security Committee (AMSC). The review will include an assessment of risk to the port and waterway security associated with the proposed project. It will also include the identification of security measures that may be implemented by Broadwater as part of its Facility Security Plan or by the Coast Guard or other agencies to reduce those risks. The AMSC for Long Island Sound was established in January of 2004 as a result of the Maritime Transportation Security Act of 2002. The Act created maritime security regulations that went into effect on July 1, 2004, and required the formation of an Area Maritime Security Committee whose members represent federal, state, and local government agencies, and maritime industry stakeholders. The purpose of the AMSC is to serve as an important conduit for passing important security information to fellow maritime stakeholders when needed. The make-up of the Area Maritime Security Committee consists of such members as the Coast Guard, local police and fire departments, the Connecticut Department of Homeland Security, the New York State

Department of Transportation, commercial facility and vessel representatives, and the FBI.

The Coast Guard recognizes the sensitivity of this proposed project about the safe shipment of liquefied natural gas aboard vessels carrying this product to this proposed Broadwater Energy LNG facility while entering and leaving Long Island Sound and the safe storage of LNG on the proposed floating facility. In recent months, the Coast Guard has been present at several public forums held on Long Island and in Connecticut regarding this proposed facility. The Coast Guard will take every opportunity to attend meetings held regarding this project to more fully understand the public's concern, and in addition will take every step to be inclusive in the safety and security review process.

The Coast Guard and the Maritime Administration of the U.S. Department of Transportation are the lead federal agencies for natural gas import facilities that are located outside of state waters under the Deepwater Port Act. However, since the proposed Broadwater Energy LNG facility would be present in New York State waters, the FERC is the lead agency. During the review process, FERC will be providing a number of opportunities for the public, industry, and other maritime stakeholders to participate and provide input about this proposed project at public meetings to be held in the Long Island Sound area.

For further information on the Coast Guard's role in the regulatory licensing process for the proposed Broadwater Energy LNG facility in Long Island Sound, please contact Lieutenant Commander Alan Blume at (203) 468-4504. For information on the permitting process for LNG facilities, please contact the Federal Energy Regulatory Commission's public information office at 202-502-6088 or 866-208-3372. To learn more about the proposed LNG facility, please contact the Shell/TransCanada Broadwater Project Office at 800-798-6379.